

GLOBAL CROSSING LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The information below summarizes certain financial data of the Company by segment (in thousands):

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Period from March 19, 1997 (Date of Inception) to December 31, 1997 |
|--|---------------------------------|---------------------------------|--|
| Telecommunication Services | | | |
| Revenue..... | 1,318,248 | 419,866 | -- |
| Operating expenses..... | 1,370,534 | 299,922 | 3,101 |
| Operating income (loss)..... | \$ (52,286) | \$ 119,944 | \$ (3,101) |
| Cash paid for capital expenditures..... | \$ 1,552,019 | \$ 413,996 | \$428,743 |
| Total assets..... | \$16,813,242 | \$2,639,177 | \$572,197 |
| Installation and Maintenance Services | | | |
| Revenue: | | | |
| Maintenance..... | 67,981 | -- | -- |
| Installation..... | 92,674 | -- | -- |
| Total revenue..... | 160,655 | -- | -- |
| Operating expenses..... | 162,209 | -- | -- |
| Operating loss..... | \$ (1,554) | \$ -- | \$ -- |
| Cash paid for capital expenditures..... | \$ 170,585 | \$ -- | \$ -- |
| Total assets..... | \$ 1,519,166 | \$ -- | \$ -- |
| Incumbent Local Exchange Carrier Services | | | |
| Revenue..... | \$ 185,921 | \$ -- | \$ -- |
| Operating expenses..... | 131,942 | -- | -- |
| Operating income..... | \$ 53,979 | \$ -- | \$ -- |
| Cash paid for capital expenditures..... | \$ 48,311 | \$ -- | \$ -- |
| Total assets..... | \$ 1,373,172 | \$ -- | \$ -- |
| Corporate and Other | | | |
| Revenue..... | \$ -- | \$ -- | \$ -- |
| Operating expenses..... | 7,600 | 139,669 | -- |
| Operating loss..... | \$ (7,600) | \$ (139,669) | \$ -- |
| Cash paid for capital expenditures..... | \$ -- | \$ -- | \$ -- |
| Total assets..... | \$ -- | \$ -- | \$ -- |
| Consolidated | | | |
| Consolidated revenue... | \$ 1,664,824 | \$ 419,866 | \$ -- |
| Consolidated operating expense..... | 1,672,285 | 439,591 | 3,101 |
| Consolidated operating (loss)..... | \$ (7,461) | \$ (19,725) | \$ (3,101) |
| Consolidated cash paid for capital expenditures..... | \$ 1,770,915 | \$ 413,996 | \$428,743 |
| Consolidated total assets..... | \$19,705,580 | \$2,639,177 | \$572,197 |

GLOBAL CROSSING LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

| | 1999 | | 1998 | |
|---------------------------|----------------|-------------------|------------|----------------------|
| | Revenue | Long-Lived Assets | Revenue(1) | Long-Lived Assets(2) |
| | (In thousands) | | | |
| North America | | | | |
| United States..... | \$ 997,025 | \$3,029,828 | \$193,142 | \$ 76,055 |
| Other..... | 64,040 | 26,515 | 64,558 | -- |
| | 1,061,065 | 3,056,343 | 257,700 | 76,055 |
| Europe | | | | |
| The Netherlands..... | 89,600 | 92,251 | 46,770 | 82,433 |
| Germany..... | 145,289 | 204,564 | 36,047 | 30,021 |
| England..... | 106,815 | 722,462 | 34,777 | 49,081 |
| Other..... | 244,351 | 302,645 | 44,572 | -- |
| | 586,055 | 1,321,922 | 162,166 | 161,535 |
| International waters..... | -- | 1,339,614 | -- | 770,966 |
| Other..... | 17,704 | 308,174 | -- | -- |
| Consolidated..... | \$1,664,824 | \$6,026,053 | \$419,866 | \$1,008,556 |
| | ===== | ===== | ===== | ===== |

- (1) During 1998, there was one customer located in the United States that accounted for 16% of consolidated revenue, another customer located in Canada that accounted for 16% of consolidated revenue, and one customer located in the Netherlands that accounted for 11% of consolidated revenue. There were no individual customers in 1999 that accounted for more than 10% of consolidated revenue.
- (2) Long-lived assets include capacity available for sale and construction in progress as of December 31, 1999 and 1998.

20. QUARTERLY FINANCIAL DATA (UNAUDITED)

The Company's unaudited quarterly results are as follows:

| | 1999 Quarter Ended | | | |
|--|---------------------------------------|-----------|--------------|-------------|
| | March 31 | June 30 | September 30 | December 31 |
| | (In thousands, except per share data) | | | |
| Revenue..... | \$176,319 | \$188,459 | \$234,582 | \$1,065,464 |
| Operating income (loss)..... | 41,067 | 39,764 | 13,226 | (101,518) |
| Income (loss) before extraordinary item and cumulative effect of change in accounting principle..... | 12,802 | 9,978 | 135,854 | (169,169) |
| Net income (loss)..... | (1,908) | 9,978 | 120,989 | (199,985) |
| Net income (loss) applicable to common shareholders..... | (14,952) | (4,219) | 106,918 | (225,315) |
| Income (loss) per common share before extraordinary item and cumulative effect of change in accounting principle, basic..... | (0.00) | (0.01) | 0.30 | (.25) |
| Net income (loss) per common share, basic..... | (0.04) | (0.01) | 0.26 | (.29) |
| Income (loss) per common share before extraordinary item and cumulative effect of change in accounting principle, diluted... | (0.00) | (0.01) | 0.27 | (.25) |
| Net income (loss) per common share, diluted..... | \$ (0.04) | \$ (0.01) | \$ 0.24 | \$ (.29) |

GLOBAL CROSSING LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Significant 1999 interim events:

On December 15, 1999, the Company issued 2,600,000 shares of 7% cumulative convertible preferred stock at a liquidation preference of \$250.00 for net proceeds of \$630 million.

On November 24, 1999, the Company acquired Racal Telecom, a group of wholly owned subsidiaries of Racal Electronics plc, for approximately \$1.6 billion in cash.

On November 12, 1999, GCH issued two series of senior unsecured notes. The 9 1/8% senior notes are due November 15, 2006 with a face value of \$900 million, for net proceeds of \$887 million and the 9 1/2% senior notes are due November 15, 2009 with a face value of \$1,100 million, for net proceeds of \$1,084 million.

On November 5, 1999, the Company issued 10,000,000 shares of 6 3/8% cumulative convertible preferred stock at a liquidation preference of \$100.00 for net proceeds of approximately \$969 million.

On September 28, 1999, the Company consummated its merger with Frontier Corporation in a transaction valued at \$10.3 billion.

On July 2, 1999, the Company completed its acquisition of the Global Marine Systems division of Cable & Wireless Plc for approximately \$908 million in cash and assumed liabilities.

During the third quarter, the Company recognized \$210 million, net of merger related expenses, of other income in connection with the termination of the US WEST merger agreement.

| | 1998 Quarter Ended | | | |
|--|--------------------|------------|--------------|-------------|
| | March 31 | June 30 | September 30 | December 31 |
| (In thousands, except per share data) | | | | |
| Revenue..... | \$ -- | \$ 100,244 | \$116,494 | \$203,128 |
| Operating income (loss)..... | (3,794) | (123,649) | 31,994 | 75,724 |
| Income (loss) before extraordinary loss..... | (3,722) | (135,725) | 15,229 | 56,024 |
| Net income (loss)..... | (3,722) | (155,434) | 15,229 | 56,024 |
| Net income (loss) applicable to common shareholders..... | (8,129) | (193,473) | 15,229 | 51,649 |
| Income (loss) per common share before extraordinary item, basic. | (0.02) | (0.52) | 0.04 | 0.13 |
| Net income (loss) per common share, basic..... | (0.02) | (0.58) | 0.04 | 0.13 |
| Income (loss) per common share before extraordinary item, diluted..... | (0.02) | (0.52) | 0.04 | 0.12 |
| Net income (loss) per common share, diluted..... | \$ (0.02) | \$ (0.58) | \$ 0.04 | \$ 0.12 |

Significant 1998 interim events:

In December 1998, 5,000,000 shares of GCH 10 1/2% Preferred Stock were issued for proceeds of \$483 million.

During August 1998, the Company completed an IPO for which the Company received net proceeds of approximately \$391 million.

In May 1998, the first segment of AC-1, the United States to United Kingdom route, was completed and commenced operations.

During the second quarter, the Company acquired the rights from those entitled to fees payable under the advisory services agreement in consideration for the issuance of common stock having an aggregate value of \$135 million and the cancellation of approximately \$3 million owed to the Company under a related advance

GLOBAL CROSSING LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

agreement. As a result of this transaction, the Company recorded a non-recurring charge in the approximate amount of \$138 million during the second quarter. In addition, the Company recognized as an expense approximately \$2 million of advisory fees incurred prior to termination of the contract.

On May 18, 1998, the Company issued 9 5/8% senior notes due May 15, 2008, with a face value of \$800 million.

21. SHAREHOLDERS' EQUITY

Share Cancellation

As part of the Company's break-up fee received from US West, Inc. ("US West"), the Company received 2,231,076 shares of its common stock from US West which were cancelled by the Company. For the year ended December 31, 1999, other income, net was composed primarily of a \$210 million termination fee paid by US West in connection with the termination of its merger agreement with the Company, net of related expenses.

Old GCL Common Stock and Additional Paid-in Capital

During March 1997, Old GCL, formerly GT Parent Holdings LDC, was incorporated as an exempted limited duration company in the Cayman Islands. In March 1998, GCL, a Bermuda company, was formed as a wholly-owned subsidiary of Old GCL. At that time, Old GCL contributed its investment in Global Telesystems Holdings Ltd. ("GTH") to GCL. During April 1998, GCL formed a wholly-owned subsidiary, Global Crossing Holdings Ltd. ("GCH"), a Bermuda company, and contributed its investment in GTH to GCH upon its formation.

In January 1998, Old GCL effected a 100-for-1 stock split of each of its Class A, B, C and D common stock and undesignated stock and amended the par value of each share of common stock from \$.0001 per share to \$.000001 per share. Prior to GCL's IPO in August 1998, GCL declared a stock dividend to Old GCL resulting in Old GCL holding 1.5 shares of common stock of GCL for each share of common stock of Old GCL outstanding. Pursuant to the terms of the Articles of Association of Old GCL and prior to the Company's IPO, each holder of Class D shares of Old GCL converted such shares into a fraction of a Class E share of Old GCL based upon a valuation at the time of such conversion, together with a warrant to purchase the remaining fraction of such Class E share at an exercise price based upon such market valuation. In addition, each holder of Class E shares of Old GCL had such Class E shares converted into Class B shares of Old GCL. Accordingly, each holder of Class D and Class E shares ultimately received Class B shares, with the warrants to purchase Class E shares received by former Class D shareholders then cancelled in exchange for warrants ("New GCL Warrants") to purchase shares of Common Stock of GCL at an exercise price equal to the IPO price of \$9.50 per share.

Subsequent to the above transaction and prior to the Company's IPO, each shareholder of Old GCL (other than CIBC) exchanged their interests in Old GCL for shares of common stock of GCL held by Old GCL at a rate of 1.5 shares of common stock of GCL for each share of common stock of Old GCL ("Old-GCL Exchange"). CIBC did not participate in the above mentioned transaction and continued to maintain its ownership of GCL through Old GCL, which became a wholly owned subsidiary of CIBC.

Because Old GCL, GCL and GCH were entities under common control, the transfers by Old GCL to GCL and GCL to GCH and the Old GCL Exchange were accounted for similar to a pooling of interests. The consolidated financial statements presented have been retroactively restated to reflect these transactions as if they had occurred as of March 19, 1997 (Date of Inception).

GLOBAL CROSSING LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Information with respect to Old GCL common stock and additional paid-in capital prior to the Old GCL Exchange is as follows:

Common Stock:

Authorized:

- 1,000,000,000 Class A common stock of \$.00000067 par value
- 1,000,000,000 Class B common stock of \$.00000067 par value
- 1,000,000,000 Class C common stock of \$.00000067 par value
- 3,000,000,000 Class D common stock of \$.00000067 par value
- 1,000,000,000 Class E common stock of \$.00000067 par value
- 43,000,000,000 undesignated common stock of \$.00000067 par value

Class A shares, Class B shares and Class C shares all had voting rights. On March 25, 1997, Old GCL issued 22,500,000 Class A shares, 101,250,000 Class B shares, 101,250,000 Class C shares for \$.33 per share, resulting in aggregate proceeds of \$75 million. In addition to the 22,500,000 Class A shares issued to the preference shareholders for cash in connection with the issuance of the preference shares, a total of 39,705,900 Class A shares were distributed to the initial preference shareholder representing 15% of the aggregate number of Class A, B and C shares outstanding. In addition, warrants to acquire a maximum of 92,880 shares of common stock of Old GCL were issued into escrow for the benefit of the holders of preferred stock. Effective January 21, 1998, Old GCL authorized 1,000,000,000 new Class E non-voting shares.

Certain of the Class B shareholders were issued a total of 66,176,400 Class D shares on March 25, 1997. Of the \$34 million of proceeds received from the issuance of Class B shares, \$3 million was allocated to the Class D shares representing the estimated fair value of the Class D shares based on an independent valuation. Class D shares were non-voting shares which carried special preference rights on the cash distributions made by Old GCL. Class D shareholders were to receive 10% of cash distributions to common shareholders once the internal rate of return to Class C shareholders exceeded 10%, and then increasing to 20% of cash distributions to common shareholders once the internal rate of return to Class C shareholders exceeded 30%. Effective January 1998, Class D share rights were amended such that Class D shareholders received the option to convert each Class D share into one Class E share upon payment to Old GCL of \$.74 per share or to a fraction of a Class E share based upon a valuation at the time of such conversion, together with a warrant to purchase the remaining fraction of such Class E share at an exercise price based upon such market valuation. By granting to holders of the Class D shares an option to convert such shares into Class E shares, the Company obtained effective assurance that it could effect a change to a corporate structure in the event of a major equity event, such as a merger or other business combination or in the event of an IPO by GCL, of its common stock, since the holders of the Class D shares would need to exercise their options in order to participate directly in benefits of a merger or acquisition of the Company or in order to obtain the benefits of any trading market for the common stock of the Company; no trading market was expected to develop for the Class D shares. The grant of the options to Class D shareholders represents an equity transaction since the Company granted these shareholders amended share rights in the form of options with new warrants. Since the Company had an accumulated deficit, the charge was made against additional paid in capital, which had no impact on the consolidated financial statements. The Company accounted for the new warrants as an equity transaction on the date the warrants were issued, which was the IPO date of August 13, 1998.

In 1998, the Company issued, at a price of \$0.33 per share, 900,000 Class B shares and 675,000 Class E shares. Since the estimated fair value of shares exceeded the issue price, the Company increased stock related expense and shareholders' equity by \$2 million in 1998.

GLOBAL CROSSING LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

22. SUBSEQUENT EVENTS

IXnet and IPC Acquisitions

On February 22, 2000, the Company announced a definitive agreement to acquire IXnet, Inc., a leading provider of specialized IP-based network services to the global financial services community, and its parent company, IPC Communications, Inc., in exchange for shares of common stock of Global Crossing valued at approximately \$3.8 billion. Under the terms of the definitive merger agreement, 1.184 Global Crossing shares will be exchanged for each IXnet share not owned by IPC and 5.417 Global Crossing shares will be exchanged for each share of IPC. The acquisition is expected to be completed in the second quarter of 2000 and is subject to regulatory approval and customary closing conditions.

GlobalCenter Japan

On January 26, 2000, the Company's Asia Global Crossing joint venture announced an agreement to create GlobalCenter Japan, a joint venture with Japan's Internet Research Institute, Inc. ("IRI"). GlobalCenter Japan will design, develop and construct a media distribution center in Japan providing connectivity worldwide through the Global Crossing Network. The joint venture will also develop and provide complex web hosting services, e-commerce support and applications hosting solutions. Asia Global Crossing will own 89 percent of GlobalCenter Japan, with IRI owning the remaining 11 percent.

Hutchison Global Crossing Joint Venture

On January 12, 2000, the Company established a joint venture, called Hutchison Global Crossing, with Hutchison to pursue fixed-line telecommunications and Internet opportunities in Hong Kong. For its 50% share, Hutchison contributed to the joint venture its building-to-building fixed-line telecommunications network in Hong Kong and a number of Internet-related assets. In addition, Hutchison has agreed that any fixed-line telecommunications activities it pursues in China will be carried out by the joint venture. For its 50% share, the Company provided to Hutchison \$400 million in Global Crossing convertible preferred stock (convertible into shares of Global Crossing common stock at a rate of \$45 per share) and committed to contribute to the joint venture international telecommunications capacity rights on our network and global media distribution center capabilities which together are valued at \$350 million, as well as \$50 million in cash. The Company intends to integrate its interest in Hutchison Global Crossing into Asia Global Crossing.

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GLOBAL CROSSING LTD. AND SUBSIDIARIES

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

| | Column A | Column B | Column C | Column D | Column E |
|--|-------------------------------|-------------------------------------|---------------------------------|------------|-------------------------------|
| | Additions | | | | |
| Description | Balance at Dec 31, 1998 | Charged to costs and expenses | Charged to other accounts | Deductions | Balance at Dec 31, 1999 |
| Reserve for uncollectible accounts..... | \$4,233 | \$37,157 | \$88,055 | \$(34,335) | \$95,110 |
| Deferred tax valuation allowance..... | \$ -- | \$ -- | \$54,780 | \$ -- | \$54,780 |

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf on March 16, 2000 by the undersigned, thereunto duly authorized.

Global Crossing Ltd.

/s/ Dan J. Cohrs
By: Dan J. Cohrs
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 16, 2000 by the following persons on behalf of the registrant and in the capacities indicated.

| Signatures ----- | Title ----- |
|---|---|
| /s/ Gary Winnick _____ Gary Winnick | Chairman of the Board and Director |
| /s/ Lodwick M. Cook _____ Lodwick M. Cook | Co-Chairman of the Board and Director |
| /s/ Leo J. Hindery, Jr. _____ Leo J. Hindery, Jr. | Chief Executive Officer and Director; Chairman and Chief Executive Officer, GlobalCenter Inc. |
| /s/ Thomas J. Casey _____ Thomas J. Casey | Vice Chairman of the Board and Director |
| /s/ David L. Lee _____ David L. Lee | President, Chief Operating Officer and Director |
| /s/ Joseph P. Clayton _____ Joseph P. Clayton | Director; President, Global Crossing North America |
| /s/ Jack M. Scanlon _____ Jack M. Scanlon | Director; Vice Chairman of the Board, Asia Global Crossing |
| /s/ Abbott L. Brown _____ Abbott L. Brown | Senior Vice President and Director |
| /s/ Barry Porter _____ Barry Porter | Senior Vice President and Director |

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| Signatures ----- | Title ----- |
|--|---|
| /s/ Dan J. Cohrs _____ Dan J. Cohrs | Senior Vice President and Chief Financial Officer (principal accounting officer) |
| /s/ Robert Annunziata _____ Robert Annunziata | Director |
| /s/ Jay R. Bloom _____ Jay R. Bloom | Director |
| /s/ William E. Conway _____ William E. Conway | Director |
| /s/ Eric Hippeau _____ Eric Hippeau | Director |
| /s/ Dean C. Kehler _____ Dean C. Kehler | Director |
| /s/ Geoffrey J.W. Kent _____ Geoffrey J.W. Kent | Director |
| Canning Fok Kin-ning _____ /s/ Douglas H. McCorkindale | Director |
| Douglas H. McCorkindale _____ /s/ James F. McDonald | Director |
| James F. McDonald _____ /s/ Bruce Raben | Director |
| Bruce Raben _____ /s/ Michael R. Steed | Director |
| Michael R. Steed _____ | |

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EX-3.10

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CERTIFICATE OF DESIGNATIONS

EXHIBIT 3.10

EXECUTION COPY
Schedule to the Bye-Laws
of Global Crossing Ltd.

CERTIFICATE OF DESIGNATIONS

OF

SERIES B 6 3/8% CONVERTIBLE PREFERRED STOCK

The terms of the authorized Series B 6 3/8% Convertible Preferred Stock (the "Preferred Stock") of Global Crossing Ltd., a company incorporated under the laws of Bermuda (the "Company"), shall be as set forth below in this Schedule to the Bye-Laws of the Company (this "Schedule").

(a) Designation. (i) There are hereby authorized 400,000 shares of Preferred Stock as designated by the Board of Directors of the Company. Each share of Preferred Stock will have a liquidation preference of \$1,000 (the "Liquidation Preference").

(ii) All shares of Preferred Stock redeemed, purchased, exchanged, converted or otherwise acquired by the Company shall be retired and canceled and, upon the taking of any action required by applicable law, shall be restored to the status of authorized but unissued shares of preferred stock of the Company, without designation as to series, and may thereafter be reissued.

(b) Currency. All shares of Preferred Stock shall be denominated in United States currency, and all payments and distributions thereon or with respect thereto shall be made in United States currency. All references herein to "\$" or "dollars" refer to United States currency.

(c) Ranking. The Preferred Stock shall, with respect to dividend rights and rights upon liquidation, winding up or dissolution, rank junior to (i) each other class or series of capital stock of the Company, other than (A) the Common Stock of the Company and any other class or series of capital stock of the Company which by its terms ranks junior to the Preferred Stock, as to which the Preferred Stock shall rank prior and (B) the Company's 6 3/8% Cumulative Convertible Preferred Stock and any other class or series of capital stock of the Company which by its terms ranks on a parity with the Preferred Stock, in each case as to which the Preferred Stock shall rank on a parity or (ii) other equity interests in the Company, in each case, including, without limitation, warrants, rights, calls or options exercisable for or convertible into such capital stock or equity interests, except as provided in the last sentence of this paragraph (c). All equity securities of the Company to which the Preferred Stock ranks prior (whether with respect to dividends or upon liquidation, winding up, dissolution or otherwise), including the Common Stock of the Company, are collectively referred to herein as the "Junior Stock". All equity securities of the Company to which the Preferred Stock ranks on a parity (whether with respect to dividends or upon liquidation,

winding up, dissolution or otherwise) are collectively referred to herein as the "Parity Stock". All equity securities of the Company to which the Preferred Stock ranks junior (whether with respect to dividends or upon liquidation, winding up, dissolution or otherwise) are collectively referred to herein as the "Senior Stock". The respective definitions of Junior Stock, Parity Stock and Senior Stock shall also include any warrants, rights, calls or options exercisable for or convertible into any Junior Stock, Parity Stock or Senior Stock, as the case may be.

(d) Dividends. (i) The holders of shares of Preferred Stock

shall be entitled to receive, when, as and if declared by the Board of Directors of the Company out of funds legally available therefor, dividends on the shares of Preferred Stock, cumulative from the first date of issuance of any such shares (the "Initial Issuance Date"), at a rate per annum of 6 3/8% of the Liquidation Preference per share, payable in cash. Dividends on the shares of Preferred Stock shall be payable quarterly in equal amounts (subject to paragraph (d)(v) hereunder with respect to shorter periods, including the first such period with respect to newly issued shares of Preferred Stock) in arrears on the first day of each February, May, August and November of each year, or if any such date is not a Business Day, on the next succeeding Business Day (each such date, a "Dividend Payment Date", and each such quarterly period, a "Dividend Period"), in preference to and in priority over dividends on any Junior Stock. Such dividends shall be paid to the holders of record of the shares of Preferred Stock as they appear on the applicable Record Date. As used herein, the term "Record Date" means, with respect to the dividends payable on the first of February, May, August and November, the fifteenth day of the immediately preceding January, April, July and October, respectively, or such other record date, not more than 60 days and not less than 10 days preceding the applicable Dividend Payment Date, as shall be fixed by the Board of Directors of the Company. Dividends on the shares of Preferred Stock shall be fully cumulative and shall accrue (whether or not declared and whether or not there are funds of the Company legally available for the payment of dividends) from the Issuance Date (or the last Dividend Payment Date for which dividends were paid, as the case may be) based on a 360-day year comprised of twelve 30-day months. Accrued and unpaid dividends for any past Dividend Period and dividends in connection with any optional redemption may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not more than 45 days prior to the payment thereof, as may be fixed by the Board of Directors of the Company.

(ii) No dividend shall be declared or paid or set apart for payment or other distribution declared or made, whether in cash, obligations or shares of capital stock of the Company or other property, directly or indirectly, upon any shares of Junior Stock or Parity Stock, nor shall any shares of Junior Stock or Parity Stock be redeemed, repurchased or otherwise acquired for consideration by the Company through a sinking fund or otherwise, unless all accrued and unpaid dividends through the most recent Dividend Payment Date (whether or not such dividends have been declared and whether or not there are funds of the Company legally available for the payment of dividends) on the shares of Preferred Stock and any Parity Stock have been or contemporaneously are declared and paid in full; provided, however, that, notwithstanding any

provisions in this subparagraph (ii) to the contrary, the Company shall be entitled to (a) declare and pay dividends on shares of Junior Stock payable solely in shares of Junior Stock and on shares of Parity Stock payable

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solely in shares of Parity Stock or Junior Stock (other than pursuant to paragraph (d)(vi) of the Certificate of Designations for the Company's 6 3/8% Cumulative Convertible Preferred Stock), or in each case by an increase in the liquidation preference of the Junior Stock or Parity Stock and (b) redeem, repurchase or otherwise acquire Junior Stock or Parity Stock in exchange for consideration consisting of Parity Stock or Junior Stock, in the case of Parity Stock, or of Junior Stock, in the case of Junior Stock. When dividends are not paid in full, as aforesaid, upon the shares of Preferred Stock, all dividends declared on the Preferred Stock and any other Parity Stock shall be declared and paid either (A) pro rata so that the amount of dividends so declared on the shares of Preferred Stock and each such other class or series of Parity Stock shall in all cases bear to each other the same ratio as accrued dividends on the shares of Preferred Stock and such class or series of Parity Stock bear to each other or (B) on another basis that is at least as favorable to the holders of the Preferred Stock entitled to receive such dividends.

(iii) Any dividend payment made on the Preferred Stock shall first be credited against the dividends accrued with respect to the earliest Dividend Period for which dividends have not been paid. -

(iv) All dividends paid with respect to shares of Preferred Stock pursuant to this paragraph (d) shall be paid pro rata to the holders entitled thereto.

(v) Dividends (or cash amounts equal to accrued and unpaid dividends) payable on the Preferred Stock for any period shorter than three months shall be computed on the basis of the actual number of days elapsed (in a

30-day month) since the applicable Dividend Payment Date or from the Issuance Date with respect to newly issued shares, as applicable, and based on a 360-day year of twelve 30-day months. No interest shall accrue or be payable in respect of unpaid dividends.

(e) Liquidation Preference. (i) Upon any voluntary or

involuntary liquidation, dissolution or winding up of the Company or a reduction or decrease in the Company's capital stock resulting in a distribution of assets to the holders of any class or series of the Company's capital stock, each holder of shares of Preferred Stock shall be entitled to payment out of the assets of the Company available for distribution of an amount equal to the then effective Liquidation Preference per share of Preferred Stock held by such holder, plus all accumulated and unpaid dividends therein to the date of such liquidation, dissolution, winding up or reduction or decrease in capital stock, before any distribution is made on any Junior Stock, including, without limitation, Common Stock of the Company. After payment in full of the then effective Liquidation Preference and all accumulated and unpaid dividends to which holders of shares of Preferred Stock are entitled, such holders shall not be entitled to any further participation in any distribution of assets of the Company. If, upon any voluntary or involuntary liquidation, dissolution or winding up of the Company or a reduction or decrease in the Company's capital stock, the amounts payable with respect to shares of Preferred Stock and all other Parity Stock are not paid in full, the holders of shares of Preferred Stock and the holders of the Parity Stock shall share equally and ratably in any distribution of assets

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of the Company in proportion to the full liquidation preference and all accumulated and unpaid dividends to which each such holder is entitled.

(ii) Neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Company nor the consolidation, merger or amalgamation of the Company with or into any corporation or the consolidation, merger or amalgamation of any corporation with or into the Company shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Company or a reduction or decrease in the capital stock of the Company.

(iii) No funds are required to be set aside to protect the Liquidation Preference of the shares of Preferred Stock, although such Liquidation Preference will be substantially in excess of the par value of the shares of the Preferred Stock.

(f) Redemption. Shares of Preferred Stock shall be redeemable

by the Company as provided below.

(i) Optional Redemption After the Initial Redemption Date. The

shares of Preferred Stock shall not be redeemable prior to January 12, 2005 (the "Initial Redemption Date"). After the Initial Redemption Date, the shares of Preferred Stock shall be subject to redemption at any time at the option of the Company, in whole or in part, at a price (the "Redemption Price"), payable in cash, equal to the percentage set forth below of the Liquidation Preference per share for redemption during the 12-month periods beginning on the Initial Redemption Date or the annual anniversaries thereof indicated below, plus in each case an amount equal to accrued and unpaid dividends thereon (whether or not declared and whether or not there are funds of the Company legally available for the payment of dividends) to the date fixed for redemption.

| Period | Redemption Price |
|-----------|------------------|
| ----- | ----- |
| 2005..... | 103.1875% |
| 2006..... | 102.5500% |
| 2007..... | 101.9125% |
| 2008..... | 101.2750% |
| 2009..... | 100.6375% |

ATTACHMENT/EXHIBIT

ITEM TO LARGE TO SCAN

COPY AVAILABLE IN CHIEF CLERK'S OFFICE